

Role Change in Marketing: Part II

Buying behavior pattern changes and increased third party roles.



by Phil Phillips, PhD
Contributing Editor
phillips@chemarkconsulting.net

Business models must change and adapt as the consumer becomes more comfortable with online research and other social media communication channels. As sales revenues decline companies will certainly be driven to change their marketing approach. The gambit here is to beat the curve of sales decline and use these revolutionary communication tactics as part of one's overall strategy and not just as periphery tactics.

Twitterfied

Twitter is one of the best examples of unanticipated negative communications. Look at the movie industry for example, where Twitter literally has and will continue to make or break the introduction of new movies.

The forehand hype and the unparalleled immediate real time results provided by Twitter and other social media have an impact on a

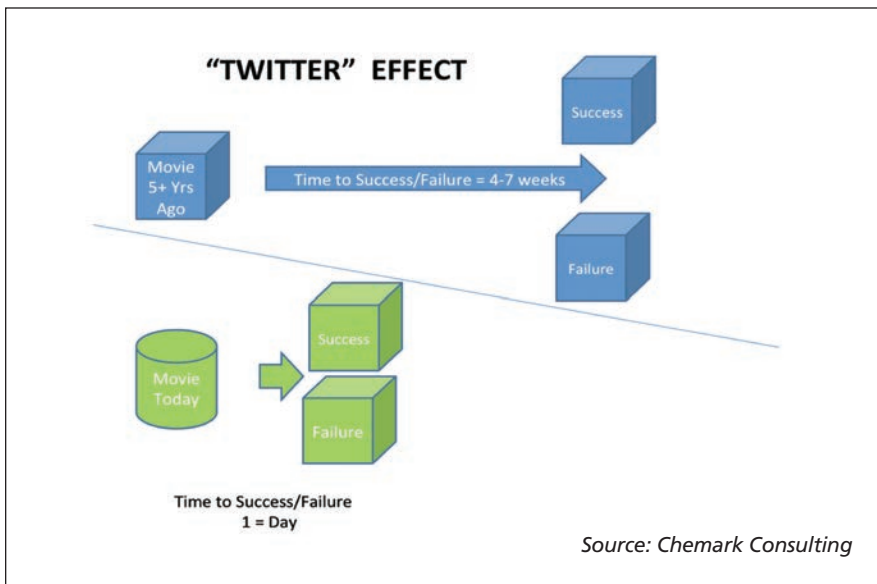
newly released movie within minutes of its first showing. Just five years ago the judgment as to the success or failure of a new film took about four to seven weeks of box office results.

Today, it takes about one day after the first mass viewing.

Just think of the repercussions on the movie industry as folks leave a theater after watching a movie they disliked. It's not uncommon nowadays for at least half of those people to Twitter their friends as they walk out of the theater letting them know not to waste their time and money.

As a result, movie producers have been forced to change their infrastructure, advertising, distribution, and certainly, the way they pre-screen their movies, as Twitter, Facebook and other social media outlets continue to state the opinion of the end-user rapidly without filters.

Now consider the way society is trending in the transportation industry with the purchase of cars, trucks, vans, SUVs, recreational vehicles, tractors, off-road construction vehicles and snow mobiles, for example. What role is the past infrastructure to play as consumers move into the realm of "customized building" from the comfort of their home or office?



Today we can go online and select just about any combination of features we want in a new automobile including design, drive train, engine type, interior comfort and exterior/interior paint color. The car can then be delivered to the most convenient dealer location for pickup and financial arrangements.

What happens to the sale persons/sales managers' role at the dealership in this model? These jobs will be gone. There's no need for these positions since the role has been replaced by the online research education process and a place to take auto delivery and for service of that car.

Suppliers must change as customer buying behavior changes. We can't lag too far behind this customer change dynamic curve or the competition will beat us. We must be hand-in-hand with our customers as they constantly try new methods of buying, adapting solid buying tools and rejecting marginal ones in the process. The Chief Marketing Officer (CMO, located within the C-Suite) is the key manager in bringing together all the talent and infrastructure at this level, down into the workings of the entire company necessary to deal successfully with these new marketing challenges and turn them into opportunities.

Whether your company is global, regional or local, there is today an increasing set of complexities besetting the company. There is more of everything: customer segments, media outlets and dis-

tribution channels. Companies and their CMOs are waging a battle with these various convolutions.

Let's consider pricing, for example. To set prices effectively, consumer companies operating in a number of channels and geographies must address the needs of dozens of segments and make rapid, analytical information decisions about up to 20 million individual price points per year. Many companies are developing new approaches to manage this one complexity.

Most are giving final pricing authority to the managers accountable for the performance of a brand or geography, supporting them with centrally established processes and policies to ensure consistency across segments and geographies. Small analytical groups are crucial in this model to ensure the collection and analysis of the pricing needed to make good decisions.

While ultimate pricing decisions typically remain with the business units accountable for profits, some CMOs are beginning to play a critical role in developing data management tools and processes that help companies to maintain a consistent brand image and to support it despite growing complexity.

New marketing capabilities

The changes in customer behavior environment call for new marketing capabilities, both in the marketing organization itself as well as the company as a whole.

For example, within marketing, the ability to build brands across an increasing number of media, including channels dominated by user-generated content, will be critical. There will also be analytical muscle to build, such as the data-management skills needed to compare and maximize the effectiveness of on and offline marketing expenditures.

Many of these skills, such as expertise in the business use of social networking, in digital marketing or in emerging markets, require a degree of specialization that complements the generalist capabilities of traditional marketing management. As a result, many companies will be forced to restructure their marketing and sales organizations by creating centers of excellence for key marketing capabilities and, perhaps, by outsourcing marketing activities requiring specialized skills, just as some CIOs rely on external IT-development resources.

CEOs need to assist their CMOs

Here are three areas a CEO can work on to assist their Chief Marketing Officer in becoming more successful.

First, take time to understand what is really happening with customers. De-focus on the brand-image and financial results in marketing meetings. Instead, find out how the needs of different customer segments are evolving, who is saying what to our customers on which blog, who are the social influencers of your product and how customers are changing their approach to decision-making.

Second, foster the right connection between the CMOs efforts and those of the other parts of the organization. In other words, BUILD BRIDGES! This connection is not only critical for bringing together marketing, public relations and corporate affairs but also important when CMOs are asked to lead major corporate initiatives on strategy and business models.

Lastly, be a "thought partner" for the CMO as he/she transforms the marketing organization. Be a mentor to the CMO.

Chemark looks forward to providing thoughtful bits of information that can be practically considered. Let us know if you have a special interest. **CW**